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3 September 1965

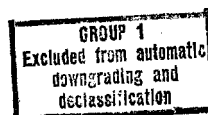
MEMORANDUM FOR THE DIRECTOR

Attached is a memorandum prepared by our staff, containing perhaps rather more than you want to know about the subcontinent. After a few pages of general background, it proceeds as follows:

- (a) History of the Kashmir controversy and the efforts to mediate it pp. 4-12
- (b) Other aspects of Indo-Pakistani Relations pp. 12-21
- (c) The US and the subcontinent pp. 21-25
- (d) Detailed tables on foreign economic and military assistance to India and Pakistan
- (e) Two maps

The judgments in part (c) are of course tentative.

Abbot Smith
ABBOT SMITH



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3 September 1965

MEMORANDUM: Problems of the Subcontinent

BACKGROUND

1. The Pre-British Period. The Muslims conquered much of India in the 11th century, and generally ruled until the British takeover in the late 18th century. Their rule was generally harsh, often barbaric. Hindus were persecuted, their economic and social status debased, their temples destroyed. Large numbers were slaughtered. However, the Muslims never conquered the whole subcontinent -- particularly South India -- and frequently faced considerable resistance.

Hinduism and Islam are more often than not mutually antagonistic religious. The Koran prescribes toleration for Christian and Jewish minorities but insists on the persecution of polytheists -- which is what Hindus are. Muslims eat the Hindu's sacred cow; many Hindus eat pork, strictly forbidden by the Koran. Hindus believe religious ceremonies should be noisy and colorful; Muslim ceremonies are quiet and austere. Uncounted communal riots have begun when rival groups of worshipers encountered one another.

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A few enlightened efforts to reconcile the two communities were made, but they failed and no common understanding was ever reached. Rather, the lines became set; the suspicions and hatreds deepened. Large numbers of Hindus (mostly of the lowest and most discriminated against castes) were converted to Islam. Large Muslim minorities grew up, until one out of every four residents of the subcontinent was a Muslim.

2. British rule. Both communities at first generally accepted British rule. However, more Hindus than Muslims adapted themselves to western ways, learned English, entered government service, participated in commerce and industry, etc. This enhanced the already considerable social and economic separation of the two communities, a situation clearly reflected as a new political force, the Congress Party, ^{emerged} after World War I. Its leaders -- Gandhi, Nehru, etc. were predominantly Hindu, and so were most of its mass supporters. Only rarely did Muslims and Hindus unite in an anti-British effort; often they opposed one another.

There was little major overt communal fighting in British India, however, until it became clear in the late 1930's that independence

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was nearing. At this time, a new group of Muslim spokesmen led by Muhammed Ali Jinnah emerged. They first demanded that Muslims be granted some considerable autonomy within a future federal union. Getting no satisfaction, they then demanded that Muslims be granted independence from the Hindus as well as the British. These were initially opposed very strongly by the Hindu dominated Congress Party leadership. By the early 1940's, Jinnah had acquired the support of most Muslims in the subcontinent. Simultaneously very serious fighting between the two religious communities broke out.

3. The ordeal of partition. In August 1947, the British gave up their control. Both India and Pakistan became independent countries as the Congress Party leadership finally agreed to a separate Muslim state. Violent rioting which neared insurrectionary proportions had made it clear that predominately Muslim areas in the northeastern and northwestern parts of the country would not accept Hindu rule. However, these riots had so intensified mutual hatreds that partition itself brought on even worse violence. Mass migration of minorities in the new countries began. Soon there were large scale massacres of these migrants by both sides, and these continued for several months. By the time they had died down, as

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many as two million people (the exact figure is not known) had been killed. Sizeable minorities still remained in each country, however. Since 1947, they have often been the victims of everything from discrimination to violent mob attack.

INDIA AND PAKISTAN, 1947 - 1965

1. Kashmir. Though Indo-Pakistan relations have been through many phases since 1947, the Kashmir dispute has remained both as the constant and the chief source of friction between the two. It has brought them to the brink of war several times. Before independence the princely state of Kashmir had an area of some 84 thousand square miles, about the size of Minnesota. In the 1941 census it had a population of about four million, of whom about 77% were Muslims. However, its ruling family was Hindu. The state consisted of several separate parts which had only recently been united and which had little in common. Most important was the Vale of Kashmir, containing nearly half the population. It also included important but sparsely populated areas on the Chinese frontier.

When independence came in August 1947, Kashmir's ruler, under the terms of the partition agreement, had the right to opt for

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either Pakistan or India. However, he delayed, and seemed to think he could remain independent -- an impossible hope. The communal violence of this period soon spread into Kashmir; in September a Muslim revolt against the Hindu ruler broke out in the Poonch region. On October 20, 1947, about 2,000 armed Muslim tribesmen, with the knowledge and assistance of Pakistani officials, crossed the border, moved into the Vale, and headed for Srinagar. On October 24, a provisional Azad ("free") Kashmir government -- supported and recognized by Pakistan -- was proclaimed. The Maharajah, on October 26, 1947, then opted for India and had a new government, headed by the pro-Indian Sheikh Abdullah, installed in power in Srinagar. India accepted the accession, stating that after the invaders had been expelled and law and order restored "the question of accession should be settled by a reference to the people." Indian troops were flown to the Vale, and cleared it of the invading Pakistani tribesmen.

Pakistan refused to recognize the accession, insisting that as Kashmir was predominantly Muslim, it should by right belong to Pakistan. It then gave the Azad Kashmir government weapons and regular troops, who went to Kashmir as "volunteers". However, military operations proved indecisive and costly. The two armies acquired, and held, about the same territory they occupy now. Nehru repeated

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the offer of a plebiscite, but insisted that all Pakistani military forces must leave Kashmir first. Liaquat Ali, Pakistan's premier, agreed on condition that Indian troops also be withdrawn, that a new coalition government including the Azad Kashmiris be set up, and that a plebiscite be held under international auspices. Nehru refused, and the essentials of the dispute have since remained.

In January 1948, India took the matter to the United Nations Security Council. In April 1948, the latter adopted a resolution directing that the forces of both countries be withdrawn, that a new coalition Kashmiri government be set up, and that a five man UN commission go to Kashmir to help restore peace and arrange a plebiscite. Both countries rejected certain terms of the resolution but agreed to accept the commission which arrived in July 1948. From July to December 1948, it tried, but failed to get a mutual agreement.

Finally in January 1949, such an agreement was reached. A cease fire line, which reflected the relatively stable military front at that time, was agreed upon and demarcated. The government in Indian Kashmir, headed by Sheikh Abdullah, was to remain unaltered in power. The UN Secretary-General would name a Plebiscite Administrator who would be appointed to office by the Kashmir government. He would then derive from the state those powers he felt necessary to

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ensure an impartial plebiscite. Final disposition of Indian forces in Kashmir was to be determined by the UN Commission and the Plebiscite Administrator after the cease fire agreement was reached. Final disposition of Pakistani forces in Azad Kashmir would be determined by the Commission and Administrator "in consultation with the local authorities."

Difficulties in implementing the agreement arose at once. India claimed that the "local authorities" who were to administer the Pakistani area were the pro-Indian government of Sheikh Abdullah, and that the Azad Kashmir government was finished. Pakistan on the other hand insisted that the local authorities meant the Azad Kashmir government itself. Neither would back down. Further, neither could agree on the synchronized withdrawal of Indian and Pakistani forces from the state. Instead, the situation became a permanent deadlock, with the cease fire line -- at least until recently -- the de facto frontier.

A number of efforts have been made over the years to break that deadlock, however. In 1949, the two countries accepted Fleet Admiral Chester W. Nimitz as Plebiscite Administrator. India, however, refused to agree to his mediation on the disputes which had arisen over implementation of the agreement. In December 1949, the UN Security Council instructed its then president, General McNaughton of Canada, to mediate, but he failed. In March 1950, the Security Council asked the governments to agree within five months on a program of demilitarization leading to a plebiscite.

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The two accepted the resolution and an Australian jurist, Sir Owen Dixon, was sent to the subcontinent. By August, he conceded failure and recommended partition of the state.

Succeeding UN efforts also failed. Security Council resolutions of February and March 1951 got nowhere. During 1951, 1952 and 1953, Dr. Frank Graham, the new mediator, made several unavailing efforts to get an agreement. He finally recommended that the two directly negotiate the issues at dispute. At that time (1953) these were questions of how many military forces would be left after demilitarization, and when the Plebiscite Administrator should assume its duties.

Following a meeting between Pakistani Prime Minister Muhamed Ali and Nehru, in August 1953 a joint communique was issued agreeing to a plebiscite and to the appointment of an Administrator by April 1954. However in February 1954, the decision of the United States to give military aid to Pakistan was announced; the Indian government, proclaiming its security threatened, announced it was no longer bound by its earlier agreement with Pakistan.

Several further efforts were made in the UN Security Council to get an agreement. In 1957, the Council again asked for a plebiscite and sent a Swedish representative to India. Later the same year it again sent Dr. Graham to mediate. Both failed. Pakistan has frequently raised the issue in the UN, most recently in 1962.

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At that time a resolution (supported by the US) asking India and Pakistan to resume discussions on Kashmir was defeated by a Soviet veto.

During this long, acrimonious period, the positions of both countries have hardened, and the original disputed issues -- demilitarization, the appointment of a plebiscite administrator -- now have little meaning. India has steadily tightened its control, which was originally not extensive, over that part of Kashmir it occupies. In the late 1940's and early 1950's, Sheikh Abdullah, who had helped bring about Kashmir's accession to India, continued to rule it. He claimed autonomy in all but communications, foreign affairs, and defense. In 1952, India agreed to his demands and gave Kashmir a special status with considerable local freedom.

However, New Delhi soon moved to end that special status. In August 1953 Abdullah was arrested; with the exception of a few weeks in 1958, he remained in jail until 1964. He was replaced by Bakshi Ghulam Muhamed, generally (and accurately) regarded as an unprincipled Indian puppet. Under his leadership, Kashmir was closely integrated with India: in 1954, the state's constituent assembly, which had earlier been chosen in a generally dishonest election, ratified Kashmir's accession to India. In 1956 a

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Kashmiri Constitution was drawn up and ratified by another popular (but rigged) vote. It declared that Kashmir was now an integral part of the Indian Union. In 1957, the Indian Parliament formalized the accession and declared it "irrevocable."

Since then, New Delhi has claimed that the old UN resolutions are no longer binding, that Kashmir has, of its own free choice, and by a free vote, acceded to the Indian Union. Rather, New Delhi claims that Pakistan is the aggressor, because it occupies Azad Kashmir which rightfully belongs to India. However, India is probably not too concerned with Azad Kashmir which is of little value. It holds the desirable and largest part of the state, with 2/3 of its population. Pakistan, however, insists the votes and elections there were frauds, refuses to renounce its claims, and insists that India is illegally holding on to the area by force. Each succeeding Indian effort to "integrate" Kashmir has brought about a worsening of Indo-Pakistani relations.

There was one recent period of real hope for a peaceful settlement. Major rioting broke out in Srinagar in the autumn of 1963; most of it was directed at the corrupt and tyrannical rule of India's faithful satrap, Bakshi Ghulam Muhamed. For the first

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time, Nehru's response was conciliatory. He sent Lal Bahadur Shastri, who was generally believed to be a moderate on Kashmir to the area.

Following Shastri's visit, and apparently on his recommendations, Nehru ordered Bakshi's dismissal, restored freedom of speech to the Kashmiri people, and released Sheikh Abdullah. Privately he admitted making many mistakes in Kashmir; publicly he stated that India and Pakistan must make a new effort to find a common understanding. Though Nehru died shortly thereafter -- in May, 1964, too soon to have done anything -- his successor was Shastri, the man who had carried out the new liberal Kashmir policy. For a brief period, hopes were high everywhere for a new era. All criticism of India in the controlled Pakistan press stopped; the cease fire line became just that.

However, within a few months it became clear that Shastri -- whatever his motives -- was to bitterly disappoint Ayub. The latter has recently said that Shastri had privately agreed with him that some settlement must be reached, and had asked for time to develop a favorable climate in India for such an event. However, it turned out that his government was to be more unyielding and intractable on Kashmir than had been Nehru's. The few remaining vestiges of Kashmiri autonomy were ended, repressive police state was re-instituted, and Sheikh Abdullah was eventually rearrested. This final Pakistani disappointment probably led to the decision to use harsher means to get Kashmir, for Karachi remains determined to get at least a fair share of this predominantly Muslim area. Indeed, its determination has been strengthened by its many frustrated efforts to make progress through negotiations.

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2. INDO-PAKISTANI RELATIONS: 1947-1964

After August 1947, the two new countries, while embroiled in the Kashmir dispute, also faced other difficulties. India, the larger and wealthier of the two, quickly found stability under Nehru's leadership. Within a short time, Nehru had become an international figure -- perhaps the world's leading critic of colonialism and chief advocate of nonalignment. In playing this latter role, he eventually began to come into conflict with the US. As early as 1950, India had begun opposing some American policies in the Korean War, and had recognized Communist China. It began preaching the virtues of neutralism, condemned American anti-Communist efforts, and refused to support them. India's pro-Communist bias in the 1952 Korean armistice negotiations was noticeable. US-Indian relations deteriorated further in 1953-54, as India criticized America's policies of setting up global anti-Soviet military alliances, its support of Nationalist China, and its hostility to Communism in general. In 1954, India signed a treaty agreeing to Chinese Communist sovereignty in Tibet, (a major concession at the time) and joined in noisy praise of the new era of Indo-Chinese friendship characterized by the "five principles of coexistence."

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Pakistan was able to exploit -- and in the process to worsen -- US-Indian relations. The underdog on the sub-continent, Pakistan from the beginning, sought support and allies against India. It initially tried to rally support from other Muslim countries -- Iran, Turkey, the Arab states -- but failed. It then turned to the US, Karachi went out of its way to support America's Korean policy. It reacted favorably to US proposals for joining anti-Communist military alliances. In 1954 it joined SEATO; in 1955 it joined CENTO, and began receiving large amounts of US military aid. The latter, which has amounted to over one billion dollars to date, gave Karachi a feeling of military security for some time. However, this program of military assistance considerably embittered New Delhi against the West. As late as 1956, the Indian government was condemning the Anglo-French-Israeli attack on Egypt, but refusing to denounce Soviet suppression of the Hungarian revolution. Indian-Soviet relations became excellent. The first Russian foreign aid program was begun in India in 1955. The USSR regularly supported India on the Kashmir dispute in the UN.

Outside of the Kashmir dispute, Indo-Pakistani relations improved slightly during the 1950's. To further its development program, India sought, and began getting, large amounts of economic aid from the US in the mid-1950's. This compensated, to some extent, for US military support of Pakistan. Further, during much of this period, Pakistan appeared to pose little threat to India.

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Whereas Nehru continued to give his country stable leadership, Pakistan's founding father -- Muhamed Ali Jinnah -- had died within a year after independence. His successors were inept politicians who steadily made a shambles of Pakistan's political system. By 1958,^{it} was experiencing political chaos and economic stagnation. Field Marshal Ayub Khan declared martial law, dismissed the floundering parliamentary government, and assumed dictatorial power. Within a brief time, he had begun an effective economic development program. He then devised a stable political system which permitted his continued strong leadership in a democratic frame work. Ayub continued to press India on Kashmir (without avail) and on other disputes. In 1960, the two countries did come to an agreement on sharing the waters of the Indus Valley. This long standing dispute had none of the emotional connotations of Kashmir, however, and the prospects of major new foreign aid benefits to both parties have made agreement possible. During Ayub's early years in power, (1958-1962) the Kashmir issue remained relatively quiet, and relations seemed to be getting better. Pakistan's military ties with the West remained close; at the same time, India's relations with the US steadily improved.

This era ended as India and China gradually became open antagonists. In 1959, China violated its 1954 treaty with India and fully occupied Tibet. A number of skirmishes between patrols on the long border in the high Himalayas broke out. Peiping and

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New Delhi began harshly criticizing one another. India discovered that the Chinese had built a road across uninhabited Indian-claimed territory in Ladakh to connect Tibet and Sinkiang. Both claimed large areas on their poorly demarcated border. Neither would agree to any compromise.

The overconfident Indian army began sending increasing numbers of military patrols into contested territory, and planned to slowly push the Chinese out. In October, 1962 the latter responded with a large scale, surprise invasion of India. The Indian army, suffering a humiliating military defeat on the northeastern frontier, was routed. The Chinese army then retired, keeping only that territory it claimed.

The efforts on both Indian and Pakistan were profound. Indian pride and self-esteem were damaged, as was its image of itself as a great power. Pakistan exulted both in its enemy's humiliation and in the discovery of a powerful anti-Indian force and potential ally. Both countries embarked on courses of action which made the situation much worse. India doubled its army and started a crash military buildup; it sought, and got, military aid from the US and the USSR. It embarked on an ambitious program of expanded armaments production designed to make it self sufficient, within a few years, in all but the most sophisticated weaponry.

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Pakistan reacted instinctively according to the premise that such an enlarged Hindu force would be used only against Muslims. US arms aid had previously given it at least a parity in military effectiveness. While from 1954 to 1962 Karachi had not seriously feared an Indian attack, it now saw the situation changing in India's favor.

Pakistan responded emotionally. It criticized its Western allies angrily for arming India. The old cordial relations with the US that had permitted U-2 flights from Pakistani airbases []

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[] came to an end.

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Pakistani leaders engaged in endless complaints, arguments, bickerings with their American counterparts. The US, seeking continued Pakistani cooperation in joint anti-Communist efforts has been increasingly frustrated. Karachi has criticized CENTO and has refused to assume any obligations under the SEATO pact, - claiming the Indian threat was paramount.

It made the situation worse by actively soliciting Chinese Communist friendship. While Peiping could never supply the economic and military aid that the US has given, the Chinese, as the US could never do, shared with Pakistan the role of being India's acknowledged enemy. As the new Sino-Pakistani friendship developed, Ayub and the Chinese leadership exchanged numerous ceremonial visits. Very few notable public announcements have come from them. A Chinese

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credit of \$60 million has been offered to Pakistan; little is likely to be used. Pakistan was given permission to fly civil air flights into China. The Pakistanis, while in effect withdrawing from SEATO, have refused -- despite Chinese pressure -- to fully support Peiping on Vietnam. A number of rumors and allegations have appeared concerning a Chinese-Pakistani agreement in respect of India. While Karachi would no doubt like to have an alliance directed against India there is no hard evidence that it exists. Indeed, given China's heavy involvement in South East Asia, it would be unlikely to make any such commitment.

Karachi has also -- at the expense of its good relations with the West -- pursued other anti-Indian efforts. In particular, led by its anti-Western Foreign Minister Z. A. Bhutto, it has lined up in international forums with such radical, anti-Western states as Indonesia, Ben Bella's Algeria, Cuba and China. While it has done so probably to gain more diplomatic allies against India -- whose international outlook has become generally moderate and conciliatory -- it has nonetheless endorsed the most extreme and irresponsible anti-American positions.

These numerous Pakistani efforts have angered its former allies and alarmed the Indians. They have also appeared to the Pakistanis themselves to be very successful, and seem to have given them a sense of overconfidence which has led them to miscalculate how

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others would react to those efforts. Pakistan's leaders probably assume that if India could retain the simultaneous friendship (and economic and military support) of the US and the USSR, they could do the same with the US and China. They also hope that weakening and isolating India in the nonaligned would put more pressure on the Hindus to give up Kashmir.

In fact, their actions have had the opposite effect. Their old Western allies have been angered by their Chinese friendship and India has become more inflexible. Every bit as suspicious as their Muslim neighbors, the Indians believe the worst about every rumor or allegation of a Sino-Pakistani understanding. More than ever they refuse any compromise on Kashmir. Still very sensitive about their 1962 defeat, they are determined never to permit themselves to be so humiliated again.

3. INDO-PAKISTAN RELATIONS: THE CURRENT SITUATION

At the present time, India, with 477 million people in an area of 1.3 million square miles, confronts Pakistan with 101 million people living in an area of 365,000 square miles. Both have significant strengths and weaknesses. Pakistan has a stronger and more effective government; Ayub is clearly the unchallenged boss, while Shastri is not. Pakistan's economy, thanks to Western aid, is growing rapidly. India is growing more slowly despite substantial

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Western and Russian aid, and suffers from some serious economic difficulties. Both are still very poor countries, however; per capita income in each is only \$80-\$90 a year, and neither could afford a major war. Neither is fully united; Pakistan is really two countries: West Pakistan and East Pakistan are separated by a thousand miles, speak different languages -- but are united in opposition to India. The latter is fragmented into 14 separate groups speaking different languages (English is still the lingua franca in both countries). Nonetheless, most of the predominantly Hindu nation is effectively united against the Muslims -- particularly in time of crisis.

Both are now probably more emotional and irrational in their policies towards one another than ever before. This fact had led both to serious miscalculations. Karachi probably believed a few thousand guerrillas infiltrated into Kashmir would set off a mass uprising. It also appears to think that it can continue to make its relations with India the exclusive focus of its foreign policy without alienating its old Western allies. It may have grossly overestimated the amount of Chinese military support it can expect in a war with India, as well as the amount of Russian economic and arms aid it would get in the event of a break with the West.

Many Indians are similarly blinded by feelings of prestige, national honor, the irrevocability of Kashmirs accession, the need

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to punish any Pakistan "aggression," etc, which to them are more important than the consequences of a major holocaust.

In this superheated atmosphere, the two have, in 1965, twice come close to the brink. The first occasion was the Rann of Kutch crisis in the spring of 1965. Hotheads in both sides pushed for major hostilities. In India, numerous xenophobic anti-Muslim politicians, emotionally sensitive to earlier Indian defeats, pressed for major military action. In Pakistan such pressure appeared to come from army officers, -- particularly the younger ones -- many of whom believed they should fight India now before the latter's military buildup gave it an overwhelming superiority in the next few years. However, these pressures were then successfully resisted by Ayub and Shastri.

Nonetheless, they are probably being exerted again in the current Kashmir crisis. On August 5, Pakistan, hoping to set off an insurrection in Kashmir, infiltrated several thousand guerillas into the state. The effort appears to have failed. While no uprising occurred, the effort stung the Indian army into retaliation. It seized several posts in territory on the Pakistani side of the cease fire line. Pakistan retaliated by sending tanks across the line and heavy fighting in the area appears probable. Coming, as it will, with already strongly aroused emotions in both countries, the dangers of a major Indo-Pakistani war will increase even further. Any major military confrontation would likely be in the Punjabi plains, following a major buildup.

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on the Indian-West Pakistani border (East Pakistan is only lightly defended). Though Indian forces are larger in number, Pakistan's are superior in mobility, armor, and artillery firepower. India's air force is larger, but Pakistan's is greatly superior in the quality of high performance aircraft. A surprise attack by either would be improbable; no quick breakthrough would be likely and both sides would suffer heavy losses with the attacking force making some progress. The Pakistanis would try to capture New Delhi; the Indians would aim for Lahore. Barring an unlikely major initial armored success by either side, which might give it a rapid, dramatic victory, the prospects for a long war between major forces would be poor as they would soon run out of ammunition, POL, replacement weapons and equipment. Both countries would suffer major damage. Communal atrocities against minority groups would probably be widespread. Heavy casualties, chaotic social, economic, and political conditions would be likely. Some time would be required even to reestablish orderly government in the two areas after the fighting stopped, and the two countries would be set back many years.

4. THE US AND THE SUBCONTINENT

US aims of promoting economic development and domestic stability have been to a considerable extent successful in both India and Pakistan. Both have some impressive achievements to their credit in

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coping with the enormous problems of feeding their people and trying to raise their standard of living. Politically, both are in good shape; domestic communist movements have not made significant progress over the past decade, and indeed have weakened in many respects.

On the international side, and particularly in respect of the confrontation between the Western alliance and the communist camp, the situation is different. While India and Pakistan are both bound to the West by their British past, their use of English, etc. both are essentially non-aligned nations, whose strongest sentiments in international matters relate to their immediate and local interests. More often than not, this means opposition to one another. Thus, collaboration with the US and other Western powers, as Pakistan has done in CENTO and SEATO and as India is doing in opposing China, is subject to change and has sharp limitations. India would be completely unwilling to sever its economic and military ties with Moscow, as long as the USSR is at odds with China and is willing to help India.

Nonetheless, the US has achieved some successes from the subcontinent and given the right turn of events, can probably continue to do so. American interests would probably be most harmed by the outbreak of a major drawn out Indo-Pakistani war. A subcontinent ravaged by such a war would be much more vulnerable to Communist subversion and insurrection than it is today. However unsatisfactory present US relations with India and Pakistan might be now, they

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would be worse after such an event.

If such a conflict can be averted, and if the current high levels of tension can be reduced, there are some prospects for limited gains for the US on the subcontinent. [REDACTED]

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[REDACTED]

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[REDACTED] the further development of prospering, non-Communist societies, etc. without ever getting permanent, whole-hearted cooperation from either party -- essentially the situation today.

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Rather, for some time to come, the two are likely to remain basically concerned with the alleged threat of the other. Long standing Hindu-Muslim hostilities and recent abrasive conflicts will make a new era of friendship and understanding between the two unlikely for a considerable period.

However, as a review of this period shows, there have been periods of relative tranquillity in which real hopes for a settlement did exist. There are some forces for moderation in both countries, but they are still weak and necessarily muted in times of crisis. If present tensions can be overcome, there is some chance that there will again be periods when these forces can again express themselves. However, this would take some considerable time.

On the other hand, there is also a good chance that, in the

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highly irrational atmosphere of the Indo-Pakistani conflict, the US will find that relations with one or the other country will deteriorate badly. There is some chance that Pakistan, resenting US aid to India, US efforts to limit [REDACTED]

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[REDACTED] its contacts with China, etc. would cut most of its ties with the US, assert its "independence", and seek security against India with even closer relations with China, and (it would hope) the USSR. Less likely would be an Indian break with the US; however there was much bitterness in New Delhi at America's refusal to protest against (and forbid) [REDACTED]

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[REDACTED] These feelings could manifest themselves again.

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In the event that working relations with one or the other ceased, the record of the past would indicate that such a rupture is likely to be only temporary. Both India and Pakistan have already sought US support against the other. Barring an irrevocable incorporation of one of them into some Communist alliance, they will probably do so again in time as circumstances and alignments change.

In the interim, if a break with one country does occur the US will retain, in heightened form, the friendship and cooperation of the other. In so doing, it will be able to retain some considerable influence in the subcontinent. Indeed, were US-Pakistani relations badly damaged, the US would find that the benefits from its closer

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association with India -- the larger, richer, potentially more
powerful of the two -- would still be very considerable.

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Table 1

Economic Assistance Pledged to India
1948-1965 ^{a/}

(\$ Million)

	1948-51	1952-56	1957	1958	1959	1960	1961	1962	1963	1964	1965	Cumulative Total (1948-65)	Percent of total
Soviet Bloc													
USSR ^{b/}	0	140.3	125.0	0.8	420.0	0	125.0	0	0	211.0	0	1,022.1	8.7
Other	0	7.5	2.0	33.2	48.5	31.6	15.9	32.5	0	84.0	22.0	277.2	2.4
Total Soviet Bloc	0	147.8	127.0	34.0	468.5	31.6	140.9	32.5	0	295.0	22.0	1,299.3	11.1
Free World													
US													
Food for Peace (PL 480)	0.6	362.7	63.5	229.7	550.2	387.5	282.8	329.7	294.4	398.0	58.0 ^{c/}	2,957.1	25.1
Other Economic	57.3	342.5	89.8	137.0	194.6	200.8	545.4	436.0	436.7	435.0	435.0	3,310.1	28.1
Total US	57.9	705.2	153.3	366.7	744.8	588.3	828.2	765.7	731.1	833.0	493.0	6,267.2	53.2
Other		----(1948 - 1960 - \$1,014.0)----					750.0	635.0	617.0	593.0	592.0	4,201.0	35.7
Total Free World	57.9 ^{d/}	705.2 ^{d/}	153.3 ^{d/}	366.7 ^{d/}	744.8 ^{d/}	588.3 ^{d/}	1,578.2	1,400.7	1,348.1	1,426.0	1,085.0	10,468.2	88.9
Total Free World and Soviet Bloc	57.9 ^{d/}	853.0 ^{d/}	280.3 ^{d/}	400.7 ^{d/}	1,213.3 ^{d/}	619.9 ^{d/}	1,719.1	1,433.2	1,348.1	1,721.0	1,107.0	11,767.5	100.0

- a. Calendar years for the Communist Countries and years beginning 1 July of the stated year and ending 30 June of the following year for the Free World.
b. The USSR has not yet committed itself to any new aid extensions during 1965. Although the USSR response to the May 1965 Indian request for \$1.5 billion during 1966-71 has not yet resulted in any new Soviet aid commitments, the USSR is expected to provide additional aid to India during this period.
c. Preliminary extension.
d. Minimum totals, excludes the \$1 billion from the Free World which cannot be categorized by year.

Table 2

Economic Assistance Pledged to India
By The Free World Consortium
1961-65

(\$ Million)

Consortium Members	1961/62	1962/63	1963/64	1964/65	1965/66	5-Year Total
Austria	--	5	7	1	5	18
Belgium	--	10	10	--	4	24
Canada	28	33	30 $\frac{1}{2}$	41	41	173 $\frac{1}{2}$
France	15	45	20	20	20	120
Germany	225	139	99 $\frac{1}{2}$	95	86	644 $\frac{1}{2}$
Italy	--	53	45	36	36	170
Japan	50	55	65	60	60	290
Netherlands	--	11	11	11	11	44
United Kingdom	182	84	84	84	84	518
United States	545	435	435	435	435	2,285
World Bank and IDA	<u>250</u>	<u>200</u>	<u>245</u>	<u>245</u>	<u>245</u>	<u>1,185</u>
	1,295	1,070	1,052	1,028	1,027	5,472

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Table 3

Economic Assistance Pledged to Pakistan

1948-65 a/

(\$ Million)

	1948-51	1952-56	1957	1958	1959	1960	1961-62	1963	1964	1965	Cumulative Total	Percent of Total
Communist Countries												
USSR	0	3.2	0	0	0	0	30.0	0	11.0	30.0	74.2	1.7
Communist China	0	0	0	0	0	0	0	0	60.0	0	60.0	1.3
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28.0</u>	<u>0</u>	<u>28.0</u>	<u>0.6</u>
Total Communist Countries	0	0	0	0	0	0	30.0	0	99.0	30.0	162.2	3.6
Free World												
US:												
Food for Peace (PL 480)	0.1	169.5	67.1	72.3	99.2	41.4	344.9	163.8	180.0	0	1,138.3	25.6
Other Economic	<u>10.6</u>	<u>330.3</u>	<u>92.9</u>	<u>162.7</u>	<u>198.6</u>	<u>124.2</u>	<u>500.0</u>	<u>212.5</u>	<u>212.5</u>	<u>0</u>	<u>1,844.3</u>	<u>41.4</u>
Total US	10.7	499.8	160.0	235.0	297.8	165.6	844.9	376.3	392.5	0	2,982.6	67.0
Other	-----	(1948-60 - \$389.8)	-----	-----	-----	-----	445.0	230.2	218.5	24.0b/	1,307.5	29.4
Total Free World	10.7 c/	499.8 c/	160.0c/	235.0c/	297.8c/	165.6c/	1,289.9	606.5	611.0	24.0	4,290.1	96.4
Total Free World and Communist Countries	10.7 c/	499.8 c/	160.0c/	235.0c/	297.8c/	165.6c/	1,319.9	606.5	710.0	54.0	4,452.3	100.0

a. Calendar years for the Communist countries and years beginning 1 July of the stated year and ending 30 June of the following year for the Free World countries.

b. Canadian commitment.

c. Minimum totals. Excludes the 389.8 million from the Free World which cannot be categorized by year.

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Table 4

**Economic Assistance Pledged to Pakistan
By the Free World Consortium, 1961-65**

Consortium Members	(\$ Million)				
	1961-63	1963-64	1964-65	FIVE Year 1965-66 Total	
Belgium	--	10.0	--	NO PLEDGES HAVE BEEN MADE	10.0
Canada	38.0	19.0	23.6		80.6
France	25.0	10	10.0		45.0
Germany	80.0	40	38.1		158.1
Italy	--	10.0	10.0		20.0
Japan	45.0	30.0	30.0		105.0
Netherlands	--	8.8	4.4		13.2
United Kingdom	47.6	22.4	22.4		92.4
United States	500.0	212.5	212.5		925.0
World Bank and IDA	<u>209.4</u>	<u>80.0</u>	<u>80.0</u>		<u>369.4</u>
Total	<u>945.0</u>	<u>442.7</u>	<u>431.0</u>		<u>1,818.7</u>

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Table 5
Military Assistance Pledged to India and Pakistan
1954-65 a/

(\$ Million)

	1954-61		1962		1963		1964		1965		Cumulative Total 1954-65	
	India	Pakistan	India	Pakistan	India	Pakistan	India	Pakistan	India	Pakistan	India	Pakistan
Communist Countries												
USSR	29.0	0	60.0	0	60.0	0	186.0	0	0	0	335.0	0
Communist China	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Communist Countries	29.0	0	60.0	0	60.0	0	186.0	0	0	0	335.0	0
Free World												
US	6.0	563.1	0	50.5	187.7	62.2	110.0	56.5	110.0	b/ neg. c/	413.7	732.3
Other	278.2	174.9	0	0	71.7	0	40.0	0	13.2	0	403.1	174.9
Total Free World	284.2	738.0	0	50.5	259.4	62.2	150.0	56.5	123.2	neg.	816.8	907.2

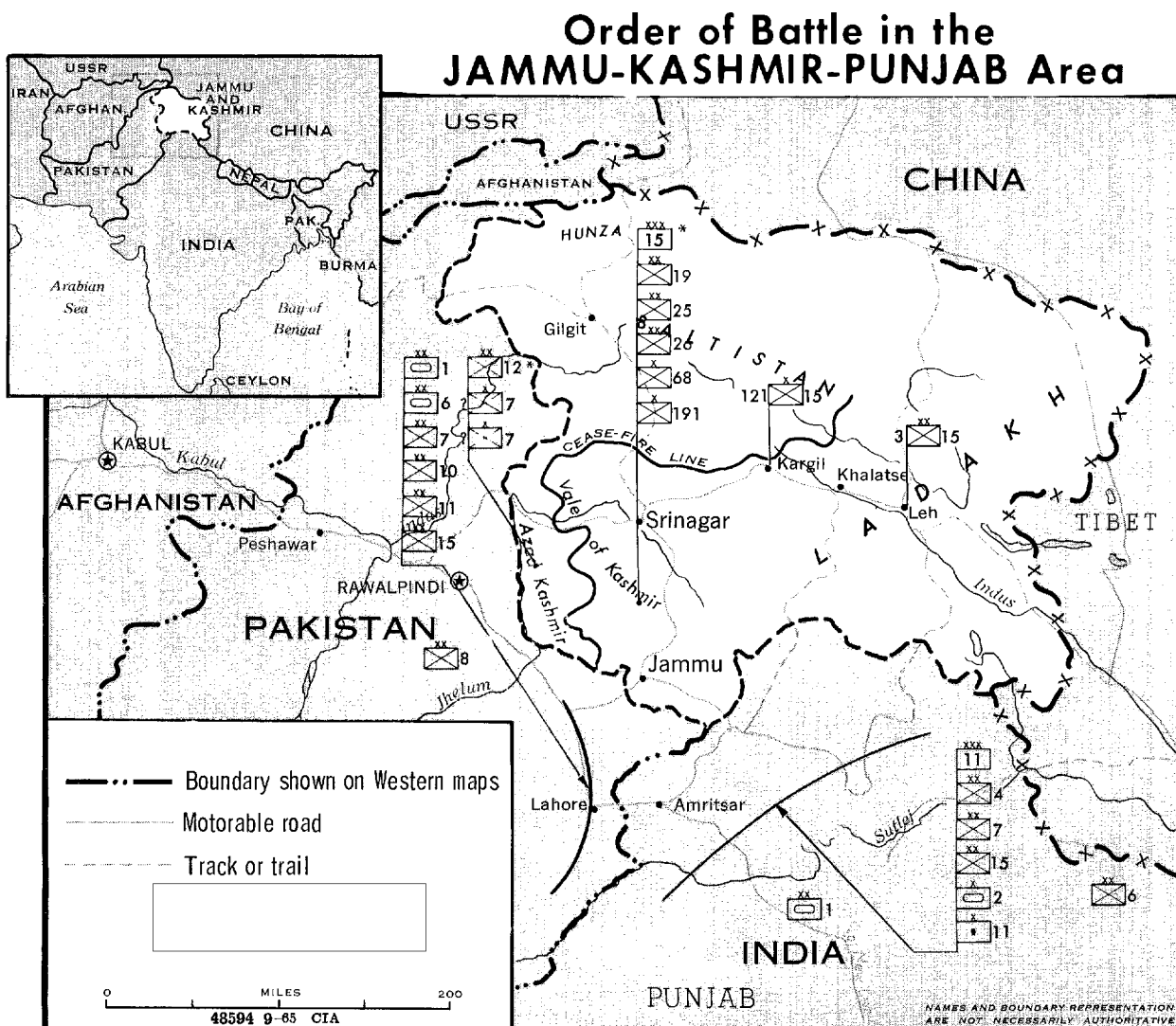
- a. Calendar years for the Communist countries and years beginning 1 July of the stated year and ending 30 June of the following year for the Free World countries.
b. Preliminary. Not yet formally committed.
c. An estimated \$40 to \$50 million has been programmed for the year.

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Table 6

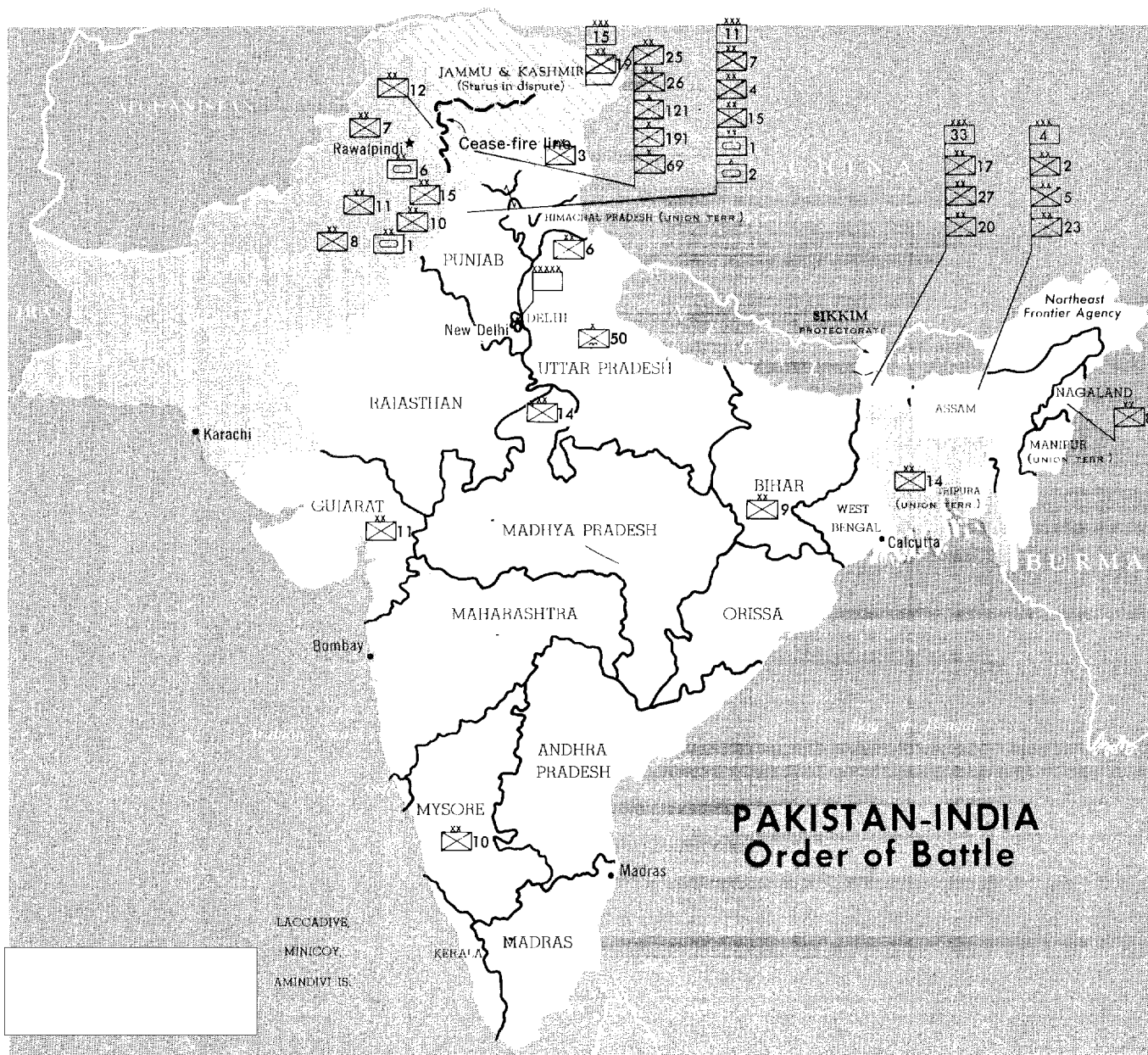
Summary of Military and Economic Assistance
to India and Pakistan
1948-65 a/

	(million \$)			
	<u>India</u>	<u>Percent of Total</u>	<u>Pakistan</u>	<u>Percent of Total</u>
<u>Military Aid</u>				
<u>Free World</u>				
US	413.7	35.9	732.3	80.7
Other	<u>403.1</u>	<u>35.0</u>	<u>174.9</u>	<u>19.3</u>
Total Free World	816.8	70.9	907.2	100.0
<u>Communist Countries</u>				
USSR	335.0	29.1	0	0
Communist China	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Communist Countries	335.0	29.1	0	0
Total Military Aid	1,151.8	100.0	907.2	100.0
<u>Economic Aid</u>				
<u>Free World</u>				



* Includes at least 3 regular brigades and 22 battalions Azad Kashmir Forces for a total of around 40,000 men.

* 15th Corps has 120,000 men under its command, including some 20,000 armed police. This includes the 3rd Division, which totals around 20,000 men and faces the Chinese in Leh



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